

Draft Official Plan Amendment - Dwelling Room Protection Policies

Date: May 9, 2018

To: Planning and Growth Management Committee

From: Chief Planner and Executive Director, City Planning

Wards: All

SUMMARY

This report presents draft policy changes to Section 3.2.1 Housing of the Official Plan for the purpose of public consultation. The draft policies respond to a motion from the October 12, 2017 meeting of Planning and Growth Management Committee to report back in the second quarter of 2018 on a policy framework that protects dwelling rooms similar to policies in the Official Plan that provide for the protection of rental units. The draft policies also respond to a motion from the Affordable Housing Committee to examine policy options to provide protection for, or replacement of, the kind of affordable rental housing provided by commercially-operated rooming houses and provisions for tenant relocation assistance.

The draft Official Plan amendment proposes two new policies that would address the requirement to replace dwelling rooms that would be lost as a result of development. Specifically, the draft policies would:

- apply to development that would result in the loss of ten or more dwelling rooms;
- require the same amount of residential gross floor area to be replaced and maintained as either rental units or dwelling rooms;
- require that rents for the replacement housing have rents similar to those in effect at the time of the development application for a period of at least 25 years with a five year phase-out;
- require an acceptable tenant relocation and assistance plan, including addressing the right to return to replacement housing; and
- require assistance for displaced tenants to lessen hardship for tenants when development would result in the loss of one or more dwelling rooms.

The draft policies reinforce the City's policy objectives for providing a full range of housing across the City, including affordable housing. Dwelling rooms are typically the most affordable option available in the private rental market and are an important part of

the affordable housing stock. Many tenants in dwelling rooms do not have other private market affordable housing options.

This draft policy framework for the protection of dwelling rooms is also contained within the TOcore: Downtown Plan Official Plan Amendment which was adopted with amendments by Planning and Growth Management Committee at their meeting of May 1, 2018 and will be considered by City Council at its meeting of May 22, 23, 24 and 25, 2018. This policy framework is one of a number of initiatives underway in the City to address the need for more affordable housing. Other initiatives include the Open Door for Affordable Housing Program lead by the Affordable Housing Office that provides financial incentives for the creation of new affordable housing, as well as the Tenant Relocation Support Services program lead by the Shelter Support and Housing Administration Division (SSHA) that helps maintain affordable rents for vulnerable tenants through support to find and maintain affordable housing.

RECOMMENDATIONS

The Chief Planner and Executive Director, City Planning recommends that the Planning and Growth Management Committee:

1. Direct that the draft Official Plan Amendment containing dwelling room policies, appended as Attachment 1 to this report, be endorsed as the basis for public consultation.
2. Direct City Planning staff to conduct open houses and meet with key stakeholders including the development community to obtain comments and feedback regarding the draft policies for dwelling rooms contained in Attachment 1.
3. Request the Chief Planner and Executive Director, City Planning Division prepare a Final Recommendation Report with a recommended Official Plan Amendment to address the loss of dwelling rooms for consideration at a statutory public meeting held by the Planning and Growth Management Committee by the second quarter of 2019.

FINANCIAL IMPACT

This report will have no financial impact beyond what has already been approved in the current year's budget.

DECISION HISTORY

At its meeting of September 2, 2015 the Affordable Housing Committee adopted a motion with respect to large single-room occupancy buildings with 15 or more dwelling rooms. The motion requests, among other matters, an examination of policy options for

the City to provide protection for or replacement of this kind of affordable rental housing and provisions for tenant assistance. The motion can be accessed at the following link: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.AH3.6>

At its meeting of October 12, 2017, Planning and Growth Management Committee adopted a motion that requested the Acting Chief Planner and Executive Director, City Planning to report back in the second quarter of 2018 on a policy framework that protects dwelling rooms similar to policies in the Official Plan that provide for the protection of rental units. The motion can be accessed at the following link: <http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.PG23.11>

COMMENTS

Background

Dwelling rooms in rooming houses (also referred to as multi-tenant houses) are an important form of shared accommodation. A rooming house is a house or building that provides separate and private living accommodation in dwelling rooms and has shared areas such as a kitchen and/or bathroom. Dwelling rooms may include food preparation facilities (e.g. a hot plate or kitchenette) or sanitary facilities (e.g. a full or half bathroom), but not both.

Dwelling rooms primarily provide private rental housing for the lower-end of the affordable market. Rooms for rent in this type of accommodation are a key part of the housing continuum, as they are often the most affordable option available on the private rental market. Individuals who live in rooming houses are also often vulnerable and may include households with low incomes, seniors on fixed incomes, newcomers to the city and students. These households are often unable to afford the rent for a self-contained unit and without the affordable housing offered through dwelling rooms and other low-end of market housing, many of these tenants do not have other private market housing options.

2017 Low-End of Market Housing Study

In 2017, City Planning collaborated with the Shelter, Support and Housing Administration Division (SSHA) on a "Low-end of Market Housing" study to better understand the characteristics and affordability of the low-end of market. Part of the focus of the study was on private market dwelling rooms in the city with a monthly rent of below \$800. This rent threshold reflects what a tenant in shared accommodation may typically spend on shelter costs and is based on the Ontario Works and Ontario Disability Support Program Shelter Allowances plus the typical City of Toronto Housing Allowance of \$400 to \$500. The study also looked at rental units that fell below the City's affordable rent thresholds.

The results of the study provide a snapshot of 2017 rent levels for this housing type based on an analysis of rentals publically listed for rent. It also includes feedback from

tenants on their experiences in accessing this type of housing. Key findings of the study include:

- Shared accommodation formed nearly half (46%) of the 1,000 rental listings analyzed where the asking rents fell either below the City's affordable rent thresholds for rental units or below the \$800 threshold for shared accommodation.
- The average monthly rent for rooms in shared accommodation in the listings analyzed was approximately \$735/month. By comparison, current Average Market Rents (AMR) for Toronto as determined by the Canadian Housing and Mortgage Corporation (CMHC) in their annual Rental Market Report are \$1,019 for a bachelor apartment and \$1,202 for a one-bedroom apartment.
- Nearly 40% of the larger shared accommodation (i.e. a unit with three or more bedrooms) rental listings analyzed were located in the Toronto and East York District.

Feedback from tenants included:

- There is not enough supply of housing at the shared accommodation affordability level, leading to increasing rents in the existing stock and lack of options for those who cannot afford the increasing rents.
- Tenants live in shared accommodation out of necessity, as it is the most affordable option on the private rental market.

The findings from the "Low-end of Market Housing" study confirm that shared accommodation is often the most affordable option in the private rental market, with rents significantly below the Average Market Rents for Toronto. The study also indicates that there is a decreasing supply and as a result rents for this housing type are increasing.

Provincial Policy Framework

The Planning Act (Section 2) identifies the adequate provision of a full range of housing, including affordable housing, as a provincial interest.

The Provincial planning policy framework establishes the importance of providing a full-range of housing and identifies affordable housing as a matter of Provincial interest.

The Provincial Policy Statement, 2014 (PPS) provides policy direction on matters of provincial interest related to land use planning and development. The PPS directs that planning authorities shall provide an appropriate range of housing types and affordability to meet projected requirements of current and future residents, including establishing and implementing minimum targets for the provision of housing which is affordable to low and moderate income households.

The Growth Plan for the Greater Golden Horseshoe, 2017 (Growth Plan) provides a framework for managing growth in the Greater Golden Horseshoe including providing housing options to meet the needs of people at any age and identifying a diverse range and mix of housing options and densities, including second units and affordable housing to meet projected needs of current and future residents.

Bill 139: Building Better Communities and Conserving Watersheds Act, 2017 was proclaimed on April 3, 2018. Bill 139 requires Official Plans to contain policies relating to affordable housing as well as policies and measures as are practicable to ensure the adequate provision of affordable housing.

The Residential Tenancies Act, 2006 (RTA) provides protections for residential tenants and establishes a framework for the regulation of rental units.

Municipal Policy and Planning Framework

Official Plan

The Official Plan, Section 3.2.1 Housing, contains policies concerning the provision of a full range of housing and maintaining and replenishing the housing stock within the City. The Official Plan (Policy 3.2.1.6) addresses situations where new development would have the effect of removing all or a part of a private building or related group of buildings and would result in the loss of six or more rental housing units. The policy identifies that such development will not be approved unless:

1. all of the rental housing units have rents that exceed mid-range rents at the time of application, or
2. in cases where planning approvals other than site plan are sought, the following are secured:
 - at least the same number, size and type of rental housing units are replaced and maintained with rents similar to those in effect at the time the redevelopment application is made;
 - for a period of at least 10 years, rents for replacement units will be the rent at first occupancy increased annually by not more than the Provincial Rent Increase Guideline or a similar guideline as Council may approve from time to time; and
 - an acceptable tenant relocation and assistance plan addressing the right to return to occupy one of the replacement units at similar rents, the provision of alternative accommodation at similar rents, and other assistance to lessen hardship.

City Planning has secured the replacement and creation of 1,781 rental housing units, 610 of which were affordable, since Policy 3.2.1.6 was brought into effect in 2007.

Toronto Municipal Code, Chapter 667

Policy 3.2.1.6 works with Chapter 667 of the City's Municipal Code. Chapter 667, the City's Rental Housing Demolition and Conversion By-law, implements Section 111 of

the City of Toronto Act, 2006 by prohibiting the demolition or conversion of rental housing units in buildings containing six or more residential dwelling units, of which at least one unit is rental, without obtaining a permit from the City and requires a decision by either City Council or, where delegated, the Chief Planner. Pursuant to Chapter 667, Council may impose conditions on approval of the demolition that must be satisfied before a demolition permit is issued. These conditions reflect the requirements of the City's Official Plan policies protecting rental and affordable housing.

Chapter 667 defines a rental unit as a dwelling unit used for residential rental purposes, and further defines a dwelling unit as a self-contained set of rooms located in a building or structure that operate as a single housekeeping unit and contains kitchen and bathroom facilities that are intended for the use of the unit only. This definition precludes dwelling rooms from being included under Chapter 667.

Current Practice to Address Loss of Dwelling Rooms

Chapter 667 and Policy 3.2.1.6 do not provide the ability to address the loss of rental housing that is in the form of dwelling rooms. As a result, City Planning and SSHA have been collaborating on the early identification of buildings that contain dwelling rooms and are considered to be 'at risk' of redevelopment, to enable City Divisions to work together to alert the property owner of the City's interest in protecting this housing stock similar to how the City's policies protect rental housing units.

Based on recent pre-application meetings, staff estimate that there could be as many as 200 dwelling rooms at risk of being lost to development. Without a policy framework in place to require their replacement this important low-end of market rental housing stock will likely be lost. When dwelling rooms are lost to development tenants very often require housing support services and financial assistance to find and maintain new affordable housing. This support is typically provided through programs operated by SSHA.

Proposed Dwelling Room Replacement Policies

A draft Official Plan Amendment (OPA) is proposed to introduce new policies and a definition that would become a dwelling room demolition and replacement policy framework similar to that in place for rental housing units. The first policy addresses demolition and replacement; the second policy requires that assistance to lessen hardship for existing tenants be provided when one or more dwelling rooms would be lost. The OPA also includes a definition of dwelling rooms. The draft OPA is included as Attachment 1 to this report.

The draft dwelling room demolition and replacement policies:

- apply to development that would result in the loss of ten or more dwelling rooms;
- require replacement of dwelling rooms as either rental units or dwelling rooms;
- require affordable rents to be secured for replacement housing;
- require the provision of tenant relocation and assistance including the right to return to occupy one of the replacement units;

- require that tenants in need have the opportunity to access the replacement housing; and
- identify that replacement may not be required if, in Council's opinion, the supply and availability of low-end of market rental housing in the City has returned to a healthy state and is able to meet the housing requirements of current and future residents.

To reflect the different characteristics of dwelling room stock and the typical tenants of this stock, the draft dwelling room policies are different from Policy 3.2.1.6 in following ways:

1. Minimum threshold of 10 dwelling rooms

The threshold of ten dwelling rooms represents the average number of rooms in the 462 licensed rooming houses in the City (as of August, 2017). On this basis it is considered to be a reasonable and appropriate threshold.

2. Type of Replacement

The draft policy requires the same amount of total residential gross floor area of the dwelling rooms impacted to be replaced. This approach allows replacement to be secured as either dwelling rooms or, preferably, as small rental replacement units while still addressing the demand for lower-end of the market housing. It also reflects input from SSHA that securing small rental units is desirable as it provides for independent living for the low end of the housing market.

3. Right to Return, Replacement Rents and Length of Affordability

The existing Official Plan policies for rental replacement requires that existing tenants be offered the right to return to a replacement rental unit that is maintained with rents similar to those in effect at the time of application and for a period of at least 10 years.

The draft policies for dwelling rooms would also require rents to be similar to those in effect at the time of application, but the length of affordability is proposed to be increased to 25 years with a 5 year phase out, with annual increases not more than the provincial rent increase guidelines as per the requirements of the Residential Tenancies Act.

Given that dwelling room tenants often have lower incomes, additional rent security and stability is considered important. The tenant relocation and assistance plan would have to address appropriate relocation and rent assistance for existing dwelling room tenants along with the potential right to return to a replacement unit/room.

Redevelopment where there are fewer than 10 dwelling rooms

The draft OPA includes a policy that focuses on lessening hardship for tenants where there is a loss of fewer than 10 dwelling rooms, specifically where one or more dwelling rooms would be lost as a result of development. The policy intent is not to secure replacement of the dwelling rooms in these situations, but to secure assistance as a

condition of approval of the planning application, beyond what is required by the Provincial Residential Tenancies Act to help tenants relocate and maintain new housing. This policy reflects current practices in dealing with applications proposing demolition of rental units and dwelling rooms. The additional financial assistance supports tenants with low incomes in finding and maintaining housing they can afford.

Related Initiatives

This draft policy framework for the protection of dwelling rooms is included in the TOcore: Downtown Plan Official Plan Amendment, adopted with amendments by Planning and Growth Management Committee on May 1, 2018 and will be considered by City Council at its meeting on May 22, 23, 24 and 25, 2018. If approved by City Council, these policies would be in effect for the downtown area, bounded by Lake Ontario to the south, Bathurst Street to the west, the mid-town rail corridor and Rosedale Valley Road to the north and the Don River to the east.

As part of the consultation on the TOcore: Downtown Plan Official Plan Amendment one comment was received regarding the dwelling room protection policies expressing concern that it lacked flexibility. As explained in this report, the draft policies would require the same amount of total residential gross floor area of the dwelling rooms impacted to be replaced in the form of either rental units or dwelling rooms. This approach provides flexibility for the replacement housing type and reflects input from SSHA that securing small rental units is desirable as it provides for independent living for the low end of the housing market.

Next Steps

This report recommends that City Planning be directed to undertake consultation on the draft Official Plan amendment. It is envisioned that community consultation meetings will be scheduled within each of the four community planning districts as well as targeted consultations with organizations that work with residents who live in dwelling rooms such as housing support and relocation agencies. Consultations will also be conducted with the development community including BILD.

Following the conclusion of the consultation process a final report and recommended Official Plan Amendment are anticipated to be brought forward to Planning and Growth Management Committee in the second quarter of 2019.

CONTACT

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SIGNATURE

Gregg Lintern, MCIP, RPP
Chief Planner and Executive Director
City Planning Division

ATTACHMENTS

Attachment 1: Draft Official Plan Amendment

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City of Toronto By-law No. --20~

AMENDMENT NO. ~~~ TO THE OFFICIAL PLAN
OF THE CITY OF TORONTO

Section 3.2.1 Housing, is amended by:

A. Adding the following policy as a new Policy 11:

"New development that would have the effect of removing all or part of a private building or related group of buildings, and would result in the loss of ten or more dwelling rooms will not be approved unless:

a. in cases where planning approvals other than site plan are sought, the following are secured:

1. at least the same amount of residential gross floor area is replaced and maintained as rental housing;
2. any available units not occupied by returning tenants will be offered to eligible households, as approved by Council;
3. for a period of at least 25 years with a 5 year phase-out, the rents for replacement housing will be similar to those in effect at the time the development application is made with the rent at first occupancy increased annually by not more than the Provincial Rent Increase Guideline or a similar guideline as Council may approve from time to time; and
4. an acceptable tenant relocation and assistance plan addressing the right to return to occupy the replacement housing at similar rents, the provision of alternative accommodation at similar rents, and other assistance to lessen hardship.

b. in Council's opinion, the supply and availability of low-end of market rental housing in the City has returned to a healthy state and is able to meet the housing requirements of current and future residents. This decision will be based on a number of factors, including whether:

1. low-end of market rental housing in the City is showing positive, sustained improvement as demonstrated by significant net gains in the supply of low-end of market rental housing including significant levels of production of low-end of market rental housing, and continued projected net gains in the supply of low-end of market rental housing;

2. the overall rental apartment vacancy rate for the City of Toronto, as reported by the Canada Mortgage and Housing Corporation, has been at or above 3.0 per cent for the preceding four consecutive annual surveys;

3. the proposal may negatively affect the supply or availability of low-end of market rental housing or rental housing sub-sectors including affordable units, units suitable for families, or housing for vulnerable populations such as seniors, persons with special needs, or students, either in the City, or in a geographic sub-area or a neighbourhood of the City; and

4. all provisions of other applicable legislation and policies have been satisfied."

B. Adding the following policy as a new Policy 12:

"New development that would have the effect of removing all or part of a private building or related group of buildings, and would result in the loss of one or more dwelling rooms will provide assistance to lessen hardship for existing tenants."

C. Adding the following as a "Housing Definition":

"Dwelling room means a room used as living accommodation that is available for rent and that is not self-contained. A dwelling room may contain private sanitary facilities or cooking facilities, but not both."